

to the numbers, who makes \$400,000 in gross income, to call me at my office and tell me they are not willing to give up \$2,100 a year for 6 years of their tax cut, because that is what it comes to. I am inviting them to call me. I promise I will report to my colleagues all those who call me.

The point is, these are patriotic Americans. They know we have our hands full. They know the deal. So that is the third way we can do this.

How does it practically work, and then I am going to yield to my friend from Massachusetts.

Mr. BENNETT. Will the Senator yield?

Mr. BIDEN. I will be delighted to.

Mr. BENNETT. I am listening with great interest. I agree with much of what the Senator said, but before the Senator from Massachusetts gives a major speech I would like the opportunity to engage in a colloquy.

Mr. BIDEN. Sure, but first let me make one last point so we have the facts out.

Mr. BENNETT. I would ask the Senator to make his point and then I would appreciate it if we could do that.

Mr. BIDEN. I would be happy to.

Let me be straight about exactly what this amendment would do. People whose tax bracket up until this year was 39.6 percent, having had it drop down to 35 percent—so there is no false advertising here, the Biden-Kerry-Feinstein-Chafee, et cetera, amendment would raise, beginning in 2005, their tax bracket back up to 38.2 percent, still a percentage point and a half less than it was a year ago but 2 point something percent higher than it is today. That is what it would do.

By the way, I will tell my colleagues who these folks are. People who pay at the top rate have an average income—well, it is unfair to average. As Samuel Clemens, or rather Mark Twain, said, all generalizations are false, including this one. So I want to be completely straight about this. The average income in that top 1 percent is \$1 million a year. At a minimum, people who would be affected by this have to have an income, before standard deductions and exemptions, of over \$400,000 in gross income. Others will fall into this category if their taxable income after deductions is over \$312,000. But that is after; that is net. That is taxable income. OK.

So we have the picture where people—the way I am told by the Joint Tax Committee, by Brookings and others, we may find an exception to this, but there is nobody making \$400,000 a year gross who does not have standard deductions and exemptions. By the way, this does not impact on their capital gains, which is taxed at a different rate. This does not impact on the dividend exemptions or change the rate at all. That is still theirs. We do not touch that at all. This is just a straight tax of those who now fall within the 35 percent bracket.

So I am told by all the experts—and this is not my expertise. To the extent

I have one, I think it is more on the Constitution and foreign policy, and I am not suggesting I have one, but it is surely not here. I have tried to get the best information from as many sources. So we are talking about the incomes of people in the top bracket who are—by the way, if one is in the top bracket now they are in the less than 1 percent bracket, they are about .7 of 1 percent of the income earners in America. One percent is slightly bigger than those who fall within the 35-percent tax bracket right now. But if you overlap, as Dr. Green tells it, if you overlap the two circles, they are almost exactly the same. There is some variation, but I can only go by the numbers provided by the IRS, and the models provided by them, and by our Joint Tax Committee.

So the bottom line is this: The people in the top 1 percent—slightly more, by the way, than the people in the 35-percent tax bracket now—those people, over the period of this entire tax cut, will receive \$688.9 billion in tax reduction from what they were paying before the tax cut. What this does is it takes \$87 billion of that amount, leaving them with a present and future tax cut of \$600 billion, as opposed to \$688.9 billion.

This is to put it in perspective. Fully 80 percent of their fellow Americans, in the first four quintiles—you know how they divide this up. They divide it up into the first, second, third, fourth, and the fifth is the 1 percent. In other words, all other Americans, the 99 percent of the other Americans who pay taxes get a cumulative tax cut, in the first—they will get cumulative tax cuts of \$599 billion. All right? So you have the top 1 percent who will still get \$600 billion, which will be \$1 billion more than every other American combined will get in a tax cut.

Let me be precise. I may have misspoken. That is not true. The first four—than 80 percent of the American people will get.

Now, again, this is not an attack on the tax cut. I didn't like the tax cut, and I won't talk about that. But what Senator KERRY and I are trying to do takes away less than 5 percent of the \$1.8 trillion in tax cuts that this tax cut bill provides. Again, it is not an attack on those at the highest income. It still leaves them \$600 billion in tax cuts.

There is a lot more for me to say, but I will yield now to my friend from Utah for that colloquy.

Mr. BENNETT. I thank the Senator from Delaware not only for his courtesy and friendship, which is reciprocated and, as he has said on the Senate floor, is genuine and real, but I thank him for the clear manner in which he has described this whole situation. I agree absolutely with the overall conclusion that he has come to with respect to loans versus grants. I am running this year, and I am going to have to defend the grant situation, but I am perfectly willing to do so for all

the reasons which the Senator from Delaware has outlined.

But there are a few comments I would like to make in the spirit of our friendship and the seriousness with which the Senator from Delaware has approached this issue—at random. The Senator from Delaware is often at random so he can understand.

The references to the Marshall plan and the difference between World War I and World War II are accurate, but I would like to just add one factoid.

Mr. BIDEN. If the Senator will yield, I want to make it clear I did not reference the Marshall plan. I referenced the philosophy. I think we have overworked the Marshall plan analogy.

Mr. BENNETT. I agree with the Senator we have overworked it and I want to back away from it with this fact. The country that received the most money in the Marshall plan was Great Britain. It was not rebuilding destroyed countries, destroyed by virtue of our actions in the war. It was rebuilding Europe that was exhausted by the struggle that really began in the First World War and never ended. I think that is the appropriate analogy here.

I do not view Iraq as a defeated nation. I view Iraq as a victorious nation that has won a struggle of almost four decades in length with our help.

Mr. BIDEN. If the Senator will yield, I agree with that premise. I am not making the case they are a defeated nation.

Mr. BENNETT. The Senator used the phrase "defeated nation." I think it is, in fact, a victorious nation but an exhausted one by virtue of the 40-year struggle. The grant we are talking about here is essential to come back from that 40-year experience.

The second random point: I listened to the Senator's comments about the deficit. All I know, both before I came here and in the relatively brief period of time I have been here, is that no matter what figure we use with respect to the deficit in the future, it is wrong. I don't know whether it is too high, and I don't know whether it is too low, but I do know one thing for sure, it is wrong.

Mr. BIDEN. Will the Senator yield on that point? The Senator will agree, though, that whatever it is will be \$87 billion higher if we don't pay for it.

Mr. BENNETT. No. No. I will not because the deficit is a function of the vitality of the economy. If the economy is stronger than the computers at CBO are currently saying it is, the deficit could disappear and we could have the whole \$87 billion.

I am not saying that we will because I don't know.

Mr. BIDEN. If the Senator will yield on that point, if the Senator thinks there is any possibility of the entire deficit disappearing through economic growth in the next several years, then I think he and I should have a talk now because the Senate physician is down the hall here and we ought to go have